

103D CONGRESS
1ST SESSION

S. 85

To provide for basic financial services.

IN THE SENATE OF THE UNITED STATES

JANUARY 21 (legislative day, JANUARY 5), 1993

Mr. METZENBAUM introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for basic financial services.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Financial Services Access Act of 1993”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Basic financial services accounts required.
- Sec. 4. Account applications.
- Sec. 5. Basic transaction services account requirements.
- Sec. 6. Government check cashing services account requirements.
- Sec. 7. Information on accounts.
- Sec. 8. Special rules for credit unions.
- Sec. 9. Special rules for certain depository institutions.
- Sec. 10. Prevention of fraud losses.

- Sec. 11. Administrative enforcement.
- Sec. 12. Civil liability.
- Sec. 13. Study and report on incidence of fraud in connection with government check cashing.
- Sec. 14. Study and report on the staggering of Federal recurring payments.
- Sec. 15. Study and report on utilizing the United States postal service as a supplemental provider of government check cashing services.
- Sec. 16. Study and report on direct deposit program for Federal recurring payments.
- Sec. 17. Effective date.

1 **SEC. 2. DEFINITIONS.**

2 For the purposes of this Act, the following definitions
3 shall apply:

4 (1) APPROPRIATE FEDERAL BANKING AGEN-
5 CY.—The term “appropriate Federal banking agen-
6 cy” has the same meaning as in section 3 of the
7 Federal Deposit Insurance Act.

8 (2) BOARD.—The term “Board” means the
9 Board of Governors of the Federal Reserve System.

10 (3) DEPOSITORY INSTITUTION.—The term “de-
11 pository institution” means any federally insured de-
12 pository institution described in clauses (i) through
13 (vi) of section 19(b)(1)(A) of the Federal Reserve
14 Act.

15 (4) GOVERNMENT CHECK.—

16 (A) IN GENERAL.—The term “government
17 check” means any check that is issued by—

18 (i) the United States or any agency of
19 the United States;

1 (ii) any State or any agency of any
2 State, and that is presented for cashing
3 purposes within the State in which the
4 check was issued; or

5 (iii) any unit of local government or
6 any agency of any unit of local govern-
7 ment, including local government public as-
8 sistance payments, and that is presented
9 for cashing purposes within the unit of
10 local government in which the check was
11 issued.

12 (B) EXCEPTIONS.—The term “government
13 check” does not include—

14 (i) State-issued payment warrants; or
15 (ii) checks issued by local government
16 special purpose districts or units.

17 (5) GOVERNMENT CHECK CASHING RELATION-
18 SHIP.—The term “government check cashing rela-
19 tionship” means an account relationship between an
20 individual and a depository institution under which
21 a government check cashing services account is pro-
22 vided pursuant to section 6.

23 (6) STATE.—The term “State” has the same
24 meaning as in section 3(a) of the Federal Deposit
25 Insurance Act.

1 (7) TRANSACTION ACCOUNT.—The term “trans-
2 action account” has the same meaning as in section
3 19(b)(1)(C) of the Federal Reserve Act.

4 **SEC. 3. BASIC FINANCIAL SERVICES ACCOUNTS REQUIRED.**

5 (a) IN GENERAL.—Each depository institution shall
6 offer a basic financial services account which, at the elec-
7 tion of the account holder, may be used to obtain—

- 8 (1) basic transaction account services; or
9 (2) government check cashing account services.

10 (b) REQUIREMENTS FOR BASIC FINANCIAL SERVICES
11 ACCOUNTS.—A basic financial services account shall meet
12 the requirements of this Act. A basic financial services ac-
13 count does not meet the requirements of this Act if it—

14 (1) requires the holder of such account to main-
15 tain any other relationship with the depository insti-
16 tution, except as provided in section 8;

17 (2) allows a depository institution to discrimi-
18 nate against low-income individuals on the basis of
19 race, color, national origin, sex, age, marital status,
20 receipt of public assistance, source of income, exer-
21 cise of any rights under consumer protection stat-
22 utes, employment status, or access to credit in order
23 to use such basic financial services account; or

24 (3) requires the account holder exclusively to
25 use direct deposit services, automated teller ma-

1 chines, or other nonteller services for such basic fi-
2 nancial services account.

3 (c) EXEMPTION FOR CERTAIN INDIVIDUALS.—A de-
4 pository institution is not required to provide a basic fi-
5 nancial services account to any individual who—

6 (1) has a deposit account relationship at the de-
7 pository institution or any other depository institu-
8 tion; or

9 (2) has a government check cashing relation-
10 ship at the depository institution or any other depos-
11 itory institution.

12 (d) EXEMPTION FROM BASIC TRANSACTION SERV-
13 ICES REQUIREMENTS.—Any depository institution that of-
14 fers basic transaction services on the effective date of this
15 Act that are, from an account holder's perspective, com-
16 parable to or more favorable than those services prescribed
17 in section 5, shall be exempt from the provisions of section
18 5 for as long as the institution continues to offer com-
19 parable or more favorable basic transaction services.

20 (e) EXEMPTION FROM CHECK CASHING SERVICES
21 REQUIREMENTS.—Any depository institution that offers
22 government check cashing services on the effective date
23 of this Act that, from an account holder's perspective, are
24 comparable to or more favorable than those services pre-
25 scribed in section 6, shall be exempt from the provisions

1 of section 6 for as long as the institution continues to offer
2 comparable or more favorable government check cashing
3 services.

4 **SEC. 4. ACCOUNT APPLICATIONS.**

5 (a) IN GENERAL.—The Board shall develop a model
6 application form for the use of depository institutions in
7 offering a basic financial services account.

8 (b) MINIMUM REQUIREMENTS.—The application
9 form developed by the Board, or a comparable form devel-
10 oped by a depository institution in lieu thereof, shall—

11 (1) be available at all deposit taking offices of
12 the depository institution—

13 (A) at which new accounts may be opened;
14 and

15 (B) that are staffed by individuals em-
16 ployed by the depository institution; and

17 (2) contain the name, address, date of birth,
18 handwritten signature, and the taxpayer identifica-
19 tion number or other identification number of the
20 applicant, as well as other information the Board
21 reasonably determines to be necessary to the provi-
22 sion of basic transaction account services and gov-
23 ernment check cashing account services pursuant to
24 this section.

1 (c) IDENTIFICATION OF APPLICANT.—At the time of
2 application for a basic financial services account, an appli-
3 cant may be required to present 2 forms of identification,
4 1 of which includes the signature of the applicant and 1
5 of which either includes a photograph or is the birth cer-
6 tificate of the applicant.

7 (d) OTHER SERVICES.—At the time of application for
8 a basic financial services account, an applicant may be re-
9 quired by the depository institution to sign a document
10 in which the applicant states whether he or she has, or
11 has applied for, any other basic transaction services or
12 government check cashing services.

13 (e) COPY PROVIDED.—The depository institution
14 shall provide to the applicant a copy of the completed ap-
15 plication form demonstrating the fact that the application
16 has been received and filed with the depository institution
17 not later than 15 calendar days after filing.

18 (f) REJECTION FOR FRAUD OR INTENTIONAL MATE-
19 RIAL MISREPRESENTATION.—

20 (1) IN GENERAL.—If, after review in good faith
21 of the application, a depository institution has rea-
22 son to believe that an applicant has committed or at-
23 tempted to commit fraud against a depository insti-
24 tution, has made an intentional material misrepre-
25 sentation in applying for a basic financial services

1 account, has a record of writing checks for insuffi-
2 cient funds, or has had an account closed pursuant
3 to section 5(a)(10), the depository institution may
4 deny a basic financial services account to the appli-
5 cant.

6 (2) REQUIREMENTS.—A depository institution
7 which denies a basic financial services account to an
8 applicant shall—

9 (A) provide the applicant with timely writ-
10 ten notice setting forth the reasons supporting
11 the depository institution's denial of a basic fi-
12 nancial services account and the procedures
13 available to the applicant for filing a complaint,
14 as provided in section 11; and

15 (B) maintain records and files with regard
16 to each denial made pursuant to this subsection
17 for a minimum period of 1 year from the date
18 of denial.

19 (3) FORM.—The Board shall develop a model
20 form for the use of depository institutions in notify-
21 ing applicants of a denial of a basic financial serv-
22 ices account pursuant to this subsection.

23 (g) INITIAL WAITING PERIOD.—The depository insti-
24 tution may impose a waiting period of not more than 15
25 calendar days from the date of application before provid-

1 ing an applicant with a basic transaction services account
 2 or a government check cashing services account.

3 (h) IDENTIFICATION CARD.—If a depository institu-
 4 tion issues an identification card to approved applicants,
 5 it may assess a reasonable, cost-based charge for replace-
 6 ment of a lost or stolen card.

7 **SEC. 5. BASIC TRANSACTION SERVICES ACCOUNT RE-**
 8 **QUIREMENTS.**

9 (a) IN GENERAL.—An account is a basic transaction
 10 services account for the purpose of section 3 if it is a
 11 transaction account that—

12 (1) is available to all account holders who main-
 13 tain an average balance of \$750 or more during
 14 each monthly period;

15 (2) does not require a minimum initial deposit
 16 or minimum balance requirement of more than \$25;

17 (3) does not provide for the imposition of fees
 18 other than—

19 (A) a monthly maintenance fee or service
 20 charge that does not exceed the real, direct, and
 21 demonstrable costs of providing the account (in-
 22 cluding fraud losses and deposit insurance pre-
 23 miums) plus a modest profit not to exceed 10
 24 percent of such costs;

1 (B) a reasonable, cost-based fee for check
2 printing;

3 (C) a reasonable, cost-based fee for proc-
4 essing checks returned for lack of sufficient
5 funds; and

6 (D) a reasonable, cost-based fee for trans-
7 actions in excess of the minimum number of al-
8 lowable transactions described in paragraph (5),
9 if the depository institution permits trans-
10 actions in excess of the minimum;

11 (4) permits checks, share drafts, electronic, or
12 other debit instruments to be drawn on the account
13 for purposes of making payments or other transfers
14 to third parties;

15 (5) permits at least 10 withdrawals per month,
16 including withdrawals described in paragraph (4),
17 whether by check, share draft, in person, proprietary
18 automatic teller machines, or other means;

19 (6) provides the account holder with—

20 (A) a detailed periodic statement listing all
21 transactions for the period involved; or

22 (B) a passbook in which the depository in-
23 stitution enters all transactions for such ac-
24 count;

1 (7) does not require the depository institution
2 to pay interest on deposited funds;

3 (8) at the election of the account holder, allows
4 regularly recurring payments to the account holder
5 to be made by a payor directly to the depository in-
6 stitution for direct deposit into the account of the
7 account holder, if the depository institution offers di-
8 rect deposit services to account holders;

9 (9) allows the depository institution—

10 (A) to market direct deposit services ag-
11 gressively;

12 (B) to offer cost-based discounts to ac-
13 count holders who elect to rely wholly or par-
14 tially on direct deposit or automatic teller ma-
15 chines in conjunction with the account; and

16 (C) to structure the account so as to
17 require the use of direct deposit or automatic
18 teller machines if—

19 (i) at the time of establishing the ac-
20 count, the account holder receives a clear
21 and conspicuous written notice, through a
22 disclosure form developed by the Board,
23 stating that the account holder may decline
24 to use direct deposit or automatic teller
25 machines; and

1 (ii) the account holder does not de-
2 cline to use direct deposit or automatic
3 teller machines; and

4 (10) is subject to closure upon notice to the ac-
5 count holder due to—

6 (A) overdrafts, returned checks, or rejected
7 electronic debits with respect to an account on
8 3 distinct occasions in any 6-month period; or

9 (B) fraudulent activity involving the ac-
10 count of such individual.

11 (b) COST ANALYSIS.—For the purpose of subsection
12 (a)(3)(A), the depository institution shall base the month-
13 ly maintenance fee or service charge on functional cost
14 analysis (actual time and actual net processing cost) stud-
15 ies of various types of depository institutions performed
16 by the Board. The Board shall perform such studies in
17 each of its regions, with, at a minimum, 1 cost study per
18 major population area and 1 in a rural area in each region.

19 **SEC. 6. GOVERNMENT CHECK CASHING SERVICES AC-**
20 **COUNT REQUIREMENTS.**

21 (a) IN GENERAL.—An account is a government check
22 cashing services account for the purpose of section 3 if
23 it—

1 (1) permits the account holder immediately to
2 cash government checks in amounts of as much as
3 \$1,500, if—

4 (A) the account holder presents the check
5 and is the person to whom the check has been
6 issued; and

7 (B) the individual has applied to the de-
8 pository institution for government check cash-
9 ing services pursuant to section 4;

10 (2) does not require the account holder to pay
11 a monthly service charge or maintenance fee for
12 check cashing services;

13 (3) does not require the account holder to wait
14 for receipt of funds before cashing a government
15 check or to be subject to the institution's funds
16 availability policy;

17 (4) does not require the account holder to pay
18 a fee for the establishment of a check cashing
19 account;

20 (5) does not have check cashing fees that ex-
21 ceed the real, direct, and demonstrable costs of pro-
22 viding check cashing account services (including
23 fraud losses) plus a modest profit not to exceed 10
24 percent of such costs;

1 (6) allows the account holder to designate not
2 less than 3 offices of the depository institution at
3 which to cash government checks, if such offices—

4 (A) take deposits;

5 (B) open new accounts; and

6 (C) are staffed by individuals employed by
7 such depository institution;

8 unless the depository institution has fewer than 3 of-
9 fices which meet the requirements of subparagraphs
10 (A), (B), and (C); and

11 (7) permits the depository institution to require,
12 prior to cashing any government check, the account
13 holder to present—

14 (A) any identification described in section
15 4(c) or section 4(h); and

16 (B) the account holder's government check
17 cashing services account number.

18 (b) COST ANALYSIS.—For the purpose of subsection
19 (a)(5), the depository institution shall base such check
20 cashing fees on functional analysis (actual time and actual
21 net processing cost) studies of various types of depository
22 institutions performed by the Board. The Board shall per-
23 form such studies in each of its regions, with, at a mini-
24 mum, 1 cost study per major population area and 1 in
25 a rural area in each region.

1 **SEC. 7. INFORMATION ON ACCOUNTS.**

2 (a) DISPLAY.—A depository institution shall con-
3 spicuously display in its lobby and other public areas of
4 the institution brochures, pamphlets, or other written in-
5 formation that inform account holders and potential ac-
6 count holders that basic financial services accounts are
7 available from the institution.

8 (b) INFORMATION.—Such brochures, pamphlets, or
9 other written information shall—

10 (1) clearly explain the material features and
11 limitations of basic transaction and government
12 check cashing services;

13 (2) state that further information concerning
14 such services is available from the depository institu-
15 tion upon request; and

16 (3) include information concerning an account
17 holder's right to complain regarding noncompliance
18 with this Act.

19 (c) AVAILABILITY.—A depository institution shall
20 provide the information described in subsection (b) to any
21 individual upon request.

22 **SEC. 8. SPECIAL RULES FOR CREDIT UNIONS.**

23 (a) BASIC TRANSACTION SERVICES.—Any credit
24 union which, in the ordinary course of business, offers
25 share draft accounts to its own members shall provide
26 basic transaction services in accordance with this Act to

1 any individual who is or becomes a member of such credit
 2 union if the individual complies with the requirements of
 3 this Act.

4 (b) GOVERNMENT CHECK CASHING SERVICES.—Any
 5 credit union which, in the ordinary course of business,
 6 cashes share drafts or government checks for its own
 7 members shall provide government check cashing services
 8 pursuant to this Act to any individual who is or becomes
 9 a member of such credit union if the individual complies
 10 with the requirements of this Act.

11 **SEC. 9. SPECIAL RULES FOR CERTAIN DEPOSITORY INSTI-**
 12 **TUTIONS.**

13 (a) INSTITUTIONS WHICH DO NOT OFFER TRANS-
 14 ACTION ACCOUNTS.—A depository institution, other than
 15 a credit union, which does not, in the ordinary course of
 16 business, offer transaction accounts to the general public,
 17 is not required to provide basic transaction services.

18 (b) INSTITUTIONS WHICH DO NOT CASH CHECKS.—
 19 A depository institution which does not cash checks in the
 20 ordinary course of business is not required to provide gov-
 21 ernment check cashing services.

22 **SEC. 10. PREVENTION OF FRAUD LOSSES.**

23 (a) IN GENERAL.—The Board may, upon petition by
 24 any individual depository institution, suspend, by regula-
 25 tion or order, any government check cashing services ac-

1 count requirement under this Act if the Board determines
2 that the depository institution is experiencing an unac-
3 ceptable level of losses due to check-related fraud in pro-
4 viding such account services.

5 (b) SUSPENSION OF REQUIREMENTS.—The Board
6 may, by regulation or order, suspend any government
7 check cashing services account requirement imposed by
8 this Act for any class of checks if the Board determines
9 that—

10 (1) depository institutions are experiencing an
11 unacceptable level of losses due to check-related
12 fraud with respect to such class of checks; or

13 (2) there is reasonable cause to believe that
14 such class of checks is being used in a scheme to
15 defraud.

16 (c) REPORT.—Not later than 10 days after issuing
17 any order or prescribing any regulation under subsection
18 (a) or (b), the Board shall submit a report to the Commit-
19 tee on Banking, Finance and Urban Affairs of the House
20 of Representatives and the Committee on Banking, Hous-
21 ing, and Urban Affairs of the Senate, explaining the rea-
22 son for the order or regulation and the evidence considered
23 in making the determination to issue an order or prescribe
24 a regulation.

1 (d) EXEMPTIONS.—This Act does not apply with re-
2 spect to any government check presented for cashing to
3 a depository institution if the depository institution has
4 reason to believe that—

5 (1) such check is fraudulent, is being fraudu-
6 lently presented, or has been altered or forged;

7 (2) the individual presenting the check is mis-
8 representing or has misrepresented his or her iden-
9 tity;

10 (3) any form of identification that is presented
11 in connection with cashing such check has been al-
12 tered or forged; or

13 (4) the check will not be honored by the check-
14 issuing governmental authority.

15 (e) REASONABLE BELIEF.—For purposes of sub-
16 section (d), a reasonable belief requires the existence of
17 facts which would give rise to a well-grounded belief in
18 the mind of a reasonable person.

19 **SEC. 11. ADMINISTRATIVE ENFORCEMENT.**

20 (a) IN GENERAL.—Compliance with the requirements
21 imposed under this Act shall be enforced under—

22 (1) section 8 of the Federal Deposit Insurance
23 Act—

1 (A) by the Comptroller of the Currency
2 with respect to national banks, and Federal
3 branches and Federal agencies of foreign banks;

4 (B) by the Board with respect to member
5 banks of the Federal Reserve System (other
6 than national banks), and offices, branches, and
7 agencies of foreign banks located in the United
8 States (other than Federal branches, Federal
9 agencies, and insured State branches of foreign
10 banks);

11 (C) by the Board of Directors of the Fed-
12 eral Deposit Insurance Corporation with respect
13 to banks the deposits of which are insured by
14 the Federal Deposit Insurance Corporation
15 (other than banks described in subparagraph
16 (A) and members of the Federal Reserve Sys-
17 tem) and insured State branches of foreign
18 banks; and

19 (D) by the Director of the Office of Thrift
20 Supervision with respect to Federal savings as-
21 sociations and Federal savings banks; and

22 (2) section 206 of the Federal Credit Union
23 Act, by the National Credit Union Administration
24 Board, with respect to any insured credit union.

1 (b) DEFINITION.—The terms used in paragraph sub-
2 section (a)(1) that are not defined in this Act or otherwise
3 defined in section 3(s) of the Federal Deposit Insurance
4 Act (12 U.S.C. 1813(s)) shall have the meaning given to
5 them in section 1(b) of the International Banking Act of
6 1978 (12 U.S.C. 3101).

7 (c) ADDITIONAL ENFORCEMENT POWERS.—

8 (1) VIOLATION OF THIS ACT TREATED AS VIO-
9 LATION OF OTHER ACTS.—For purposes of the exer-
10 cise by the appropriate Federal banking agency of
11 any such agency's powers under any Act referred to
12 in subsection (a), a violation of a requirement im-
13 posed under this Act shall be deemed to be a viola-
14 tion of a requirement imposed under that Act.

15 (2) ENFORCEMENT AUTHORITY UNDER OTHER
16 ACTS.—In addition to the appropriate Federal bank-
17 ing agency's powers under any provision of law re-
18 ferred to in subsection (a), each such agency may
19 exercise, for purposes of enforcing this Act, any
20 other authority conferred on such agency by any
21 other law.

22 (d) FINING AUTHORITY.—No administrative mone-
23 tary penalty shall be imposed pursuant to this Act.

24 (e) COMPLAINTS BY INDIVIDUALS.—

1 (1) IN GENERAL.—The Board shall develop a
2 complaint form for individuals to use to report pos-
3 sible violations of this Act. Each appropriate Federal
4 banking agency that receives a complaint shall con-
5 duct an investigation as such agency deems nec-
6 essary. If such complaint is verified by an investiga-
7 tion, the agency shall carry out proper enforcement
8 actions according to the authority conferred by this
9 Act. The agency shall provide the results of such in-
10 vestigation and any enforcement actions in writing
11 to the complainant and the depository institution
12 that was investigated.

13 (2) TIME LIMIT ON FILING OF CERTAIN COM-
14 PLAINTS.—An agency shall not consider any com-
15 plaint that alleges the denial of an application for a
16 basic financial services account in violation of this
17 Act, if the complaint is filed more than 1 year after
18 the institution's denial of the application.

19 **SEC. 12. CIVIL LIABILITY.**

20 This Act does not create or imply any private cause
21 of action for damages, including individual or class action
22 causes of action.

1 **SEC. 13. STUDY AND REPORT ON INCIDENCE OF FRAUD IN**
2 **CONNECTION WITH GOVERNMENT CHECK**
3 **CASHING.**

4 (a) STUDY REQUIRED.—After the end of the 1-year
5 period beginning on the effective date of this Act, the
6 Board shall conduct a study of the check cashing services
7 provided pursuant to this Act to determine whether, in
8 any case, losses due to fraud in connection with providing
9 such services are causing the costs incurred by various
10 types of depository institutions to exceed revenues from
11 the service fees collected or other income earned in connec-
12 tion with providing such services.

13 (b) REPORT REQUIRED.—Not later than 6 months
14 after commencing the study required by subsection (a),
15 the Board shall submit a report to the Congress contain-
16 ing the findings and conclusions of the Board with respect
17 to the study, along with such recommendations for legisla-
18 tive and administrative action as the Board determines to
19 be appropriate.

20 **SEC. 14. STUDY AND REPORT ON THE STAGGERING OF FED-**
21 **ERAL RECURRING PAYMENTS.**

22 (a) STUDY REQUIRED.—The Secretary of the Treas-
23 ury, in consultation with affected agencies and the public,
24 shall conduct a study to examine the feasibility and desir-
25 ability of staggering payment of Social Security and other
26 Federal recurring government benefit and payroll pay-

1 ments, on the basis of birth date or other appropriate
2 methods, so that such payments do not all occur on the
3 1st and 15th days of the month.

4 (b) REPORT REQUIRED.—Not later than 6 months
5 after the date of enactment of this Act, the Secretary of
6 the Treasury shall submit a report to the Congress regard-
7 ing the results of the study described in subsection (a),
8 along with any recommendations for legislative and ad-
9 ministrative actions, including—

- 10 (1) assessments of any administrative impact;
- 11 (2) costs to the government;
- 12 (3) any impact on depository institutions and
13 beneficiaries (including any potential lost or in-
14 creased interest earnings);
- 15 (4) convenience to beneficiaries and the govern-
16 ment;
- 17 (5) methods of implementation; and
- 18 (6) transition mechanisms that should be taken.

19 (c) CONSULTATION.—The Secretary of the Treasury
20 shall consult with the public in preparing the report re-
21 quired under subsection (b).

1 **SEC. 15. STUDY AND REPORT ON UTILIZING THE UNITED**
2 **STATES POSTAL SERVICE AS A SUPPLE-**
3 **MENTAL PROVIDER OF GOVERNMENT CHECK**
4 **CASHING SERVICES.**

5 (a) STUDY REQUIRED.—The Comptroller General of
6 the United States shall conduct a study examining current
7 fees and practices of check cashing outlets and the poten-
8 tial for enhancing the access of low income individuals to
9 government check cashing services through the United
10 States Postal Service.

11 (b) REPORT REQUIRED.—Not later than 1 year after
12 the date of enactment of this Act, the Comptroller General
13 shall submit a report to the Congress regarding the results
14 of the study described in subsection (a), along with any
15 recommendations for Federal or State legislative or ad-
16 ministrative action.

17 **SEC. 16. STUDY AND REPORT ON DIRECT DEPOSIT PRO-**
18 **GRAM FOR FEDERAL RECURRING PAYMENTS.**

19 (a) STUDY REQUIRED.—The Comptroller General of
20 the United States shall conduct a study to assess the bene-
21 fits and costs to the Federal Government of utilizing direct
22 deposit versus paper checks to accomplish government
23 payments. In conducting the study, the Comptroller
24 General shall—

25 (1) consider the administrative cost savings, if
26 any, to be accomplished through the utilization of di-

1 rect deposit, such as reduced paperwork and person-
2 nel involvement, streamlined and cost-effective oper-
3 ations, and reduced postage expenses;

4 (2) consider the loss in interest earnings to the
5 Federal Government as the result of the earlier re-
6 linquishment by the Government of directly depos-
7 ited funds, using data on major beneficiary pro-
8 grams that utilize recurring Federal benefits pay-
9 ments;

10 (3) compare the relative costs and benefits to
11 the Federal Government of direct deposit versus
12 paper check payments of Government benefits; and

13 (4) identify societal costs and benefits of direct
14 deposit with respect to safety, risk of loss to the in-
15 dividual and the Government, convenience, reliabil-
16 ity, and timeliness of payments.

17 (b) REPORT REQUIRED.—Not later than 6 months
18 after the date of enactment of this Act, the Comptroller
19 General shall submit a report to the Congress containing
20 the results of the study described in subsection (a), along
21 with any recommendations for legislative and administra-
22 tive action that should be taken.

23 **SEC. 17. EFFECTIVE DATE.**

24 This Act shall become effective 180 days after the
25 date of enactment of this Act, except that sections 4

1 through 7 shall become effective on the date of enactment
2 of this Act.

○